

MONTANA LEGISLATIVE HISTORY

Chapter 216 19 79

Bill H _____ S 421

Original bill & history Y c

H. Committee on Bus + Ind.

Hearing Date(s) 3/6 1 c

_____ c

_____ c

_____ c

Date Out _____ c

S. Committee on Bus + Ind.

Hearing Date(s) 6/15 1 c

_____ c

_____ c

_____ c

Did this bill originate in an interim committee? _____ Yes X No

Committee _____

Report _____

HOUSE AND SENATE BILLS

Chap. Num.	Senate Bill	House Bill	Title
215	382		An act to revise the law relating to time limitations for a proceeding alleging a youth delinquent or in need of supervision; providing that a youth court judge may grant a continuance if the youth is not in custody and the interests of justice so require; amending section 41-5-516, MCA.Page 522
216	421		An act to permit licensees under the Montana Consumer Loan Act to make loans not exceeding \$25,000 and revising allowable charges; amending sections 32-5-102, 32-5-103, 32-5-201, 32-5-306, and 32-5-402, MCA.Page 523
217		61	An act to insure that statutes imposing new local government duties provide a specific means of financing; amending section 1-2-112, MCA.Page 526
218		145	An act to change the name of the Department of Fish and Game to reflect its full responsibilities; and to instruct the Code Commissioner to make necessary changes in the Montana Code Annotated; amending section 2-15-3401, MCA.Page 527
219		166	An act to amend and clarify the authority of the Department of Health and Environmental Sciences to adopt and enforce rules for the control of communicable diseases and transportation of dead human bodies; amending section 50-1-202, MCA; and repealing section 50-1-205, MCA.Page 527
220		247	An act to provide for the hunting of moose, sheep, and goat by holders of special bow and arrow licenses when they also hold prerequisite licenses; amending sections 87-1-304 and 87-2-708, MCA.Page 529
221		276	An act to consolidate the provisions relating to the fixing of municipal salaries; permitting the fixing of salaries by ordinance or resolution; and deleting the provision that a municipal officer may not receive an increase or decrease in pay during a term of office; amending section 7-4-4201, MCA.Page 530
222		327	An act to amend section 15-8-104, MCA; eliminating the requirement that a county pay for audits conducted by the Department of Revenue; and providing that the costs of an audit be paid by the department; providing an immediate effective date.Page 531
223		328	An act to authorize the charging of tuition to resident and nonresident students at postsecondary vocational-technical centers by the Board of Public Education; authorizing the Board of Public Education to prescribe uses of authorized tuition; and amending section 20-7-332, MCA.Page 531
224		337	An act to provide minimum retirement allowance payments for certain surviving spouses of retired highway patrolmen who have exhausted their benefits; providing an immediate effective date.Page 532
225		341	An act to delete the requirement that claims against the county be certified; amending section 7-6-2421, MCA.Page 532
226		403	An act to provide for payment of the state's contribution to the highway patrolmen's retirement account directly from the general fund rather than from motor vehicle driver's license fees; and amending section 19-6-404, MCA.Page 533
227		500	An act to require a report on the sale or transfer of precursors to controlled substances.Page 533
228		574	An act to amend section 61-4-102, MCA, to raise the motor vehicle dealer registration fee to \$45.Page 535
229		582	An act to exempt antique aircraft from property taxation; amending sections 15-6-113, 67-3-201, and 67-3-202, MCA.Page 536
230		589	An act providing for an increase in licensing and registration fees of pesticide-related activities; amending sections 80-8-201, 80-8-203, 80-8-204, and 80-8-207, MCA.Page 538
231		610	An act to increase jurors' fees in courts not of record; amending section 3-15-203, MCA.Page 542
232		644	An act requiring the board of county commissioners to set county surveyor's fees by resolution; amending section 7-4-2821, MCA.Page 542
233		730	An act to amend section 32-3-804, MCA, to allow a central credit union to borrow an amount not in excess of three times its total assets less notes payable and more than three times its total assets less notes payable with prior approval of the director; and to allow a central credit union to loan an amount not in excess of 20% of its assets to any one member.Page 542
234		735	An act to generally revise laws relating to butchers and meat peddlers and inspection of hides from slaughtered animals; amending sections 81-9-101, 81-9-112, and 81-9-113, MCA.Page 543

assistants; amending Sections 7-4-2503 through 7-4-2505, MCA."

Senate Page No. 244.

- 418 Introduced by Ryan: A bill for an act entitled: "An act requiring the Department of Labor and Industry to send complaints filed with the Department to the Montana Private Employment Agency Association; amending Section 39-5-402, MCA."

Senate Page No. 244, 361.

- 419 Introduced by Towe, Thiessen, Gerke: A bill for an act entitled: "An act to abolish the Mental Disabilities Board of Visitors and transfer some of its functions to the Office of the Legislative Auditor; amending Sections 53-20-102, 53-20-146, 53-20-147, 53-20-161, 53-20-163, 53-21-102, 53-21-142, 53-21-147, 53-21-163, 53-21-165, and 53-21-166, MCA; repealing Sections 2-15-211, 53-20-104, and 53-21-104, MCA; and providing an immediate effective date."

Senate Page No. 244, 418, 425, 496, 512.

- 420 Introduced by Fasbender, Himsl, Lensink, Stimatz, Towe, Anderson, B. Brown, (By Request of the Attorney General): A bill for an act entitled: "An act to promote free and open competition and to preserve the free-enterprise market system by prohibiting monopolistic and related practices and combinations and conspiracies in restraint of trade; providing a method of enforcement and penalties; and providing an immediate effective date."

Senate Page No. 244, 511.

- 421 Introduced by Goodover, Peterson, Lowe, Hafferman, Thomas, Healy, Roskie, Ryan, Mehrens: A bill for an act entitled: "An act to permit licensees under the Montana Consumer Loan Act to make loans not exceeding \$25,000 and revising allowable charges; amending Sections 32-5-102, 32-5-103, 32-5-201, 32-5-306, and 32-5-402, MCA."

Senate Page No. 251, 341, 355, 408, 411, 490, 775, 890, 891, 893, 921, 1055.

House Page No. 582, 583, 779, 811, 849, 957, 985.

- 422 Introduced by Hager, Healy, (By Request of the Board of Professional Engineers and Land Surveyors): A bill for an act entitled: "An act to provide for the reestablishment of the Board of Professional Engineers and Land Surveyors for a period of 6 years; to revise the Board membership by adding two public members; to reduce Board members' terms of office from 5 to 4 years; to limit a Board member to three terms; to revise the Board quorum requirement; to increase fees; to provide for a 2-year license renewal; to provide for publishing a roster; to provide that charges made must be acted upon within 6 months; defining 'public' for purposes of supervision of public works; and providing for verification of competency; amending Sections

CHAPTER NO. 216

SENATE BILL NO. 421

INTRODUCED BY GOODOVER, PETERSON, LOWE, HAFFERMAN,
THOMAS, HEALY, ROSKIE, RYAN, MEHRENS

IN THE SENATE

February 9, 1979	Introduced and referred to Committee on Business and Industry.
February 13, 1979	Fiscal note requested.
February 15, 1979	Committee recommend bill do pass. Report adopted.
February 16, 1979	Printed and placed on members' desks.
February 17, 1979	Second reading, do pass.
February 19, 1979	Fiscal note returned.
	Considered correctly engrossed.
February 20, 1979	Third reading, passed. Transmitted to second house.

IN THE HOUSE

February 21, 1979	Introduced and referred to Committee on Business and Industry.
March 6, 1979	Committee recommend bill be concurred in. Report adopted.
March 7, 1979	Second reading, concurred in.
March 9, 1979	Third reading, concurred in.

IN THE SENATE

March 10, 1979

Returned from second house.
Concurred in. Sent to enrolling.

Reported correctly enrolled.

1 *Senate* BILL NO. *421*
 2 INTRODUCED BY *Senator Patricia Lou Hafferman*
 3 *Thomas Healy Smith Ryan McNamee*
 4 A BILL FOR AN ACT ENTITLED: "AN ACT TO PERMIT LICENSEES
 5 UNDER THE MONTANA CONSUMER LOAN ACT TO MAKE LOANS NOT
 6 EXCEEDING \$25,000 AND REVISING ALLOWABLE CHARGES; AMENDING
 7 SECTIONS 32-5-102, 32-5-103, 32-5-201, 32-5-306, AND
 8 32-5-402, MCA."

9
 10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
 11 Section 1. Section 32-5-102, MCA, is amended to read:
 12 "32-5-102. Definitions. Unless the context requires
 13 otherwise, in this chapter the following definitions apply:
 14 (1) "Person" means individuals, partnerships,
 15 associations, corporations, and all legal entities in the
 16 loaning business.
 17 (2) "License" means one or both of the licenses
 18 provided for by this chapter.
 19 (3) "Licensee" means the person holding a license.
 20 (4) "Department" means the department of business
 21 regulation provided for in Title 2, chapter 15, part 18.
 22 (5) "Consumer type loan business" means the business
 23 of making loans of ~~\$7,500~~ \$25,000 or less, generally
 24 repayable in substantially equal installments."
 25 Section 2. Section 32-5-103, MCA, is amended to read:

1 "32-5-103. Engaging in business of making loans
 2 restricted. (1) No person shall engage in the business of
 3 making loans or advances of money on credit in amounts of
 4 ~~\$7,500~~ \$25,000 or less and contract for, charge, or receive
 5 directly or indirectly on or in connection with any such
 6 loan or advance any charges, whether for interest,
 7 compensation, consideration, or expense, which in the
 8 aggregate are greater than ~~10% per annum~~ those provided by
 9 31-1-107(1), except as provided in and authorized by this
 10 chapter. A person doing business under the authority of this
 11 state or the United States relating to banks, trust
 12 companies, savings or building and loan associations, credit
 13 unions, or a person engaged in business as a licensed
 14 pawnbroker or any person who shall extend credit in
 15 connection with the sale of a commodity shall not become a
 16 licensee under this chapter nor shall any of the provisions
 17 of this chapter apply to any such exempted person.
 18 (2) The provisions of subsection (1) shall apply to
 19 any person who seeks to evade its applications by any
 20 device, subterfuge, or pretense whatsoever.
 21 (3) Any contract of loan in the making or collection
 22 of which any act shall have been done which violates
 23 subsection (1) of this section shall be void, and the lender
 24 shall have no right to collect, receive, or retain any
 25 principal, interest, or charges whatsoever."

Section 3. Section 32-5-201, MCA, is amended to read:

"32-5-201. License application and fees -- supplementary license. (1) (a) A place of business operated under this chapter shall properly display on the premises a nontransferable and nonassignable license. The same person may obtain additional licenses upon compliance with this chapter as to each license.

(b) Application for a license shall be on a form prescribed and furnished by the department.

(c) A licensee may move his place of business from one place to another within a county without obtaining a new license, provided he obtains written permission from the department.

(d) With each application the applicant shall submit \$50 as an investigation fee and \$125 as a license fee. The license fee shall be returned to the applicant if the application is denied. The license year is the calendar year, and the license fee for any period less than 6 months is \$62.50. A license remains in force until surrendered, suspended, or revoked.

(2) No licensee under the provisions of this chapter shall lend money in a total sum greater than \$1,000 to any borrower or to any borrower and spouse except under the following circumstances:

(a) When any person holding a license provided for in

subsection (1) desires to make loans for any amount in excess of \$1,000 but not exceeding ~~\$7,500~~ \$25,000, the holder of such license may apply to the department for a supplementary license and pay therefor an additional license fee of \$75 per calendar year or one-half of said sum for any period less than 6 months.

(b) The department shall grant, on application, a supplementary license to a holder of a license provided for in subsection (1).

(c) Section 32-5-204 shall be applicable as to time of payment of supplementary license fee and penalty for failure to pay the same.

(d) Provisions of 32-5-301 relating to refunds, fees, and charges and the other provisions of this chapter not inconsistent with this section shall be applicable to loans made under authority of a supplementary license.

(3) All moneys collected under the authority of this chapter shall be paid into the state treasury by the department."

Section 4. Section 32-5-306, MCA, is amended to read:

"32-5-306. Insurance. (1) No insurance of any kind shall be written by a licensee or employee, affiliate, or associate of the licensee, in connection with any loan except as hereinafter provided.

(2) Insurance permitted under the provisions of this

1 section shall be obtained through an insurance company
2 authorized to conduct such business in Montana by a duly
3 licensed agent or agency of this state. Premiums shall not
4 exceed those fixed by law or current applicable manual
5 rates. Insurance written as authorized by this section may
6 contain a mortgagee clause or other appropriate provisions
7 to protect the insurable interest of the licensee.

8 (3) When the principal amount of the loan exceeds \$300
9 exclusive of the portion thereof attributable to insurance
10 premiums and charges, the licensee may require a borrower to
11 insure property offered as security against any substantial
12 risk of loss, damage, or destruction for an amount not to
13 exceed the reasonable value of the property insured or the
14 amount of the loan, whichever is smaller, and for the
15 customary term approximating the term of the loan contract.
16 It shall be optional with the borrower to obtain such
17 insurance in an amount greater than the amount of the loan
18 or for a longer term.

19 (4) Subject to the laws of this state, credit life
20 insurance and credit disability insurance may be provided at
21 the expense of the borrower and may be provided by a
22 licensee upon the request of the borrower when the principal
23 amount of the loan exceeds \$300, exclusive of the portion
24 thereof attributable to insurance premiums and charges. If
25 any loan shall include amounts advanced for insurance

1 premiums and charges, such loan shall not in any event
2 exceed \$7,500 ~~\$25,000~~.

3 (5) The insurance authorized by this section may be
4 sold, obtained, or provided by or through a licensee, and
5 the premium or identifiable charge for the insurance may be
6 included in the principal amount of the loan; provided,
7 however, that no licensee shall require a borrower to
8 purchase such insurance from such licensee or from any
9 particular agent, broker, or insurance company as a
10 condition precedent for the obtaining of a loan. Any gain or
11 advantage to the licensee or any employee, affiliate, or
12 associate of the licensee from the sale, provision, or
13 obtaining of insurance as authorized by this section shall
14 not be deemed to be additional charges or a violation of
15 this chapter.

16 (6) A licensee shall not require insurance under this
17 section until any existing insurance of the same type has
18 expired or has been canceled and the unearned portion of the
19 premium for the canceled insurance has been rebated to the
20 borrower."

21 Section 5. Section 32-5-402, MCA, is amended to read:
22 "32-5-402. Investigations. The department may at any
23 time investigate any transaction with borrowers and may
24 examine the books, accounts, and records in this state to
25 discover violations of this chapter by:

(1) a licensee;

(2) a person who advertises for, solicits, or holds himself out as willing to make loans in amounts of \$7,500 or less; or

(3) a person whom the department has reason to believe is violating or is about to violate this chapter."

NEW SECTION. Section 6. Charges on loans in excess of \$7,500. (1) On any loan of money exceeding \$7,500 in principal amount, a licensee may not make charges as provided in subsections (1) and (2) of 32-5-301 but shall make charges in accordance with the provisions of this section.

(2) On any loan of money exceeding \$7,500 but not exceeding \$25,000 in principal amount, a licensee may contract and receive charges at a rate not in excess of 1 1/2% per month on the principal amount as follows:

(a) Charges shall be computed on unpaid balances of the principal amount outstanding from time to time for the actual time outstanding. Each payment shall be applied first to accumulated charges and the remainder of the payment applied to the unpaid principal balance, except that if the amount of the payment is insufficient to pay the accumulated charges, unpaid charges continue to accumulate to be paid from the proceeds of subsequent payments and are not added to the principal balance.

(b) Charges made under this section may not be payable in advance or compounded. However, if part or all of the consideration for a new loan contract is the unpaid principal balance of a prior loan, the principal amount payable under such new loan contract may include any unpaid charges which have accrued. The resulting loan contract is a new and separate loan transaction for all purposes. The principal balance of a prior loan on which charges have been made pursuant to subsections (1) and (2) of 32-5-301 is the balance due after refund or credit is given to the borrower pursuant to subsection (5) of 32-5-301.

(3) For purposes of computing charges for a fraction of a month, a day is considered one-thirtieth of a month.

(4) The provisions of subsections (5) and (6) of 32-5-301 do not apply to loans made under this section.

Section 7. Codification. Section 6 is intended to be codified as an integral part of Title 32, chapter 5. The provisions in Title 32, chapter 5, apply to section 6, and section 6 applies to the provisions of Title 32, chapter 5. All references in the MCA to Title 32, chapter 5, include section 6.

-End-

COMMITTEE ON BUSINESS & INDUSTRY

BILL NO.	ENTERED COMM.	DATE CONSIDERED	OUT OF COMM.	DO PASS DATE	DO NOT PASS DATE	DO PASS AS AMEND. DATE	BE CON- CURRED IN DATE	BE CONC. IN AS AMENDED DATE	BE NOT CON- CURRED IN DATE
SB #230	1/24/79	2/5/79	2/7/79		2/7/79				
SB #255	1/25/79	2/8/79	2/10/79	2/10/79					
SB #268	1/26/79	2/12/79	2/12/79			2/12/79			
SB #272	1/27/79	2/3/79	2/3/79	2/3/79					
SB #280	1/29/79	2/12/79	2/12/79	2/12/79					
SB #302	1/31/79	2/7/79	2/15/79			2/15/79			
SB #328	2/1/79	2/8/79	2/8/79	2/8/79					
SB #359	2/7/79	2/14/79	2/15/79		2/15/79				
SB #365	2/5/79	-----	Transferred to Agriculture on			2/10/79	-----	-----	-----
SB #371	2/5/79	2/9/79	2/9/79			2/9/79			
SB #381	2/6/79	2/13/79	2/13/79	2/13/79					
SB #383	2/6/79	2/13/79	2/13/79			2/13/79			
SB #399	2/7/79	2/14/79	2/14/79	2/14/79					
SB #408	2/7/79	2/14/79	2/14/79	2/14/79					
SB #421	2/9/79	2/15/79	2/15/79	2/15/79					
SB #427	2/9/79	2/15/79	2/15/79	2/15/79					

46TH LEGISLATIVE SESSION - - 1979

Date _____

Feb. 15

[illegible]

MINUTES OF THE MEETING
BUSINESS & INDUSTRY COMMITTEE
MONTANA STATE SENATE

February 15, 1979

The meeting of the Business and Industry Committee was called to order by Chairman Frank Hazelbaker on the above date in Room 404 of the State Capitol Building at 10:00 a.m.

ROLL CALL: All members were present.

SENATE BILL 421: Chairman Hazelbaker called on Senator Goodover, sponsor of SB 421, to explain the bill to the Committee. Senator Goodover stated that Senate Bill 421 would allow a business licensed as a consumer loan business by the Department of Business Regulation to make loans up to \$25,000. Formerly such a licensee was limited to loans of \$7,500.

PROPOSERS OF SENATE BILL 421: Mr. Jerry Loendorf, representing Montana Consumer Finance Association, further stated that the bill also provides a different method of calculating maximum allowable charges for loans over \$7,500 than that used for loans of \$7,500 or less.

Mr. Harold Pitts, representing the Montana Bankers Association, stated they support Senate Bill 421.

There were no opponents to the bill.

There was a question and answer period from the Committee.

The hearing on Senate Bill 421 was closed.

SENATE BILL 427: Chairman Hazelbaker called on Senator Turnage, sponsor of Senate Bill 427, to explain the bill to the Committee. Senator Turnage stated that this bill was requested by the Administrative Code Committee. This bill fixes statutory standards for advertising by a real estate broker under a franchise agreement and prohibits the Board of Real Estate from adopting more stringent standards. The bill also defines "franchise agreement".

Senator Turnage stated that this applies to Senate Joint Resolution 24 as well as to Senate Bill 427.

Senator Turnage distributed an exhibit from the Department of Professional and Occupational Licensing to the Committee. This exhibit is attached.

Mr. Dennis Rehberg, representing the Montana Association of Realtors, stated they support SB 427.

There was a question and answer period from the Committee.

There were no opponents to the bill.

The hearing on Senate Bill 427 was closed.

DISPOSITION OF SENATE BILL 421: Senator Goodover moved that Senate Bill 421 Do Pass. Senator Dover seconded the motion. The Committee voted that SENATE BILL 421 DO PASS. Senator Regan abstained on the vote and Senator Hager was the only dissenting vote.

DISPOSITION OF SENATE BILL 427: Senator Regan moved that Senate Bill 427 Do Pass. Senator Dover seconded the motion. The Committee voted that SENATE BILL 427 DO PASS. Senator Lowe abstained on the vote.

DISPOSITION OF SENATE JOINT RESOLUTION 24: Senator Lowe moved that SJR 24 Do Pass. Senator Mehrens seconded the motion. The Committee voted unanimously that SENATE JOINT RESOLUTION 24 DO PASS.

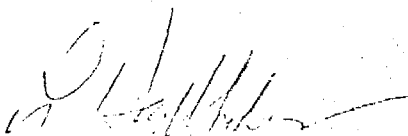
SENATE BILL 302: Senator Regan moved that the proposed amendment to SB 302 be adopted. Senator Dover seconded the motion. The amendment to SB 302 was adopted unanimously by the Committee.

DISPOSITION OF SENATE BILL 302: Senator Regan moved that Senate Bill 302 Do Pass As Amended. Senator Hager seconded the motion. A Roll Call Vote was taken on the Do Pass As Amended motion. The Committee voted 6-4 that SENATE BILL 302 DO PASS AS AMENDED.

DISPOSITION OF SENATE BILL 359: Proposed amendments to SB 359 were distributed to the Committee by Senator Regan, sponsor of the bill. Senator Regan moved that the amendments be adopted. Senator Dover seconded the motion. The Committee voted unanimous that the proposed amendments be adopted.

Senator Regan moved that Senate Bill 359 Do Pass. Senator Lowe seconded the motion. A Roll Call Vote was taken on SB 359. The Committee voted 6-4 that SENATE BILL 359 DO NOT PASS AS AMENDED.

ADJOURN: There being no further business, the meeting was adjourned at 11:05 a.m.



Senator Frank Hazelbaker, Chairman

STANDING COMMITTEE REPORT

February 15

1979

MR. President:

We, your committee on Business and Industry

having had under consideration Senate

Bill No. 421

Respectfully report as follows: That Senate

Bill No. 421

DO PASS

NAME: James T. Condit DATE: 2-15-79

ADDRESS: Robinson, W.

PHONE: 442-6350

REPRESENTING WHOM? Nat. Consumer Finance Association

APPEARING ON WHICH PROPOSAL: S421

DO YOU: SUPPORT? / AMEND? OPPOSE?

COMMENTS:

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

NAME: Harold R. [unclear] DATE: 2-15-79

ADDRESS: Helena, Montana

PHONE: 443-7109

REPRESENTING WHOM? Montana Bankers Assoc.

APPEARING ON WHICH PROPOSAL: S.B. 421

DO YOU: SUPPORT? ☒ AMEND? ☐ OPPOSE? ☐

COMMENTS: _____

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

DATE Feb 15 1979

COMMITTEE ON Business & Industry

VISITORS' REGISTER

[illegible]

AUG 10 1979

OF MONTANA

MINUTES

BUSINESS AND INDUSTRY COMMITTEE

46th LEGISLATURE 1979

Members:

Joe Quillici, Chairman
John Vincent, Vice Chairman

Mike Cooney	Jerry Metcalf
Robert Ellerd	Darryl Meyer
Orval Ellison	Dennis Nathe
Gene Frates	Danny Oberg
Hal Harper	Ken Robbins
Andrea Hemstad	Arther Shelden
William Jensen	Barbara Spilker
Gerald Kessler	Chris Stobie
	Joe Tropila

Secretary: Cathy M. Martin

BUSINESS & INDUSTRY

COMMITTEE

NOTIFICATION SHEET

1 #	Date Hearing	Committee Members	Sponsor	Chief Clerk	Received from Sgt. at Arms
802	2/19	2/16	LIEN	2/15	2/19 DP 2/15
815	2/19	2/16	NATHE	2/15	2/19 DP 2/15
817	2/19	2/16	FAGG	2/15	2/19 DP 2/15
70	2/28	2/23	THIESSEN	2/22	3/5 AABCI 2/15
93	3/9	3/3	LOWE	3/1	3/9 BCI 2/15
328	3/1	2/23	LOWE	2/22	3/1 BCI 2/15
412	2/17	2/15	HURWITZ	2/15	2/17 DP 2/16
822	2/20	2/17	PORTER	2/15	2/20 DNP 2/17
832	2/20	2/17	HARPER	2/15	2/20 DNP 2/17
371	3/2	2/23	THOMAS	2/23	3/2 BCI 2/19
843	2/20	2/17	HUENNEKENS	2/17	2/20 DNP 2/19
HB857	2/20	2/17	YARDLEY	2/17	2/20 DNP 2/20
862	2/20	2/17	BENNETT	2/17	2/20 DNP 2/20
872	2/20	2/17	PISTORIA	2/17	2/20 DNP 2/20
139	2/28	2/23	HAZELBAKER	2/22	2/28 BCI 2/20
209	3/2	2/23	BROWN	2/22	3/2 AABCI 2/20
881			COMMITTEE		2/19 DP
876			TROPILA		dead?
B 381	3/1	2/23	HIND	2/23	3/2 BCI 2/22
B 255	3/2	2/23	THIESSEN	2/22	3/2 BCI 2/22
B 268	3/2	2/23	LOWE	2/22	3/2 BCI 2/22
R 24	3/2	2/23	TURNAGE	2/22	3/2 BCI 2/23
383	3/5	3/3	Thomas	3/1/79	3/5 BCI 2/23
SB 399	3/5	3/3	Hagan	3/1	3/5 BCI 2/23
SB 408	3/6	3/3	PETERSON	3/1	3/6 BCI 2/23
421	3/6	3/3	GOODOVER	3/1	3/6 BCI 2/23

March 6, 1979
Business & Industry
46th Legislative Session

The Business & Industry Committee held a meeting March 6, 1979 at 8:00 a.m. in room 437. Chairman Joe Quilici called the meeting to order. All members were present except Rep. Hemstad, Rep. Metcalf and Rep. Vincent who were excused.

Hearing was opened on SB 421.

Senator Goodover, sponsor, introduced the bill to the committee. He explained that this bill would make two amendments to the existing law, permit licensees under the Montana Consumer Loan Act to make loans not exceeding \$25,000 and revising allowable charges.

Jerry Loendorf, Mt. Consumer Finance Assoc., arose in support of the bill. He explained the reasoning behind the bill. He explained that inflation is the main reason for the loan ceiling increase.

Harold Pitts, Mt. Bankers Assoc., stated that he had no objection with the bill.

Les Alke, Dept. of Business Reg., also concurred with other proponents.

There were no opponents to SB 421.

Questions from the committee followed. Rep. Nathe said he thought they should raise the ceiling to \$40,000 or take all limitations off completely. Rep. Goodover said that if the need for a higher limit arises in the future they will seek it but presently, he said, this limit would be adequate.

Rep. Goodover closed on SB 421.

Executive action on SB 421 followed. (see EXECUTIVE ACTION)

SB 498

Senator Roskie, sponsor, explained the changes in the bill. He passed out proposed amendments (see attached).

Marty Crennon, Board of Architects, spoke in favor of the bill. Copy of his testimony is attached.

H.S. Hanson, Mt. Tech. Council, arose in support of SB 498. He passed out copies of a telegram he received concerning the revision to the Montana Statute in SB 498. (see copy of telegram attached.)

Irving E. Dayton submitted to the committee a proposed amendment on SB 498 suggesting that the university member

SB 500 cont. OPPONENTS

Pat Melby arose briefly in support of the bill.

Jo Driscoll, Insurance Dept., spoke in opposition to SB 500. She said that she was interested in the protection of the public and this bill had no safeguards at all. She said there is a real problem of illegal trusts.

Rita Theisen, Mt. Insurance Dept., also spoke against the bill. She said the bill is very poorly written.

Terry Meagher, Mt. Insurance Dept., appeared in opposition to SB 500. He said there are many corporate structures that this bill does not even touch on. He said the bill has no definition, no liabilities and there would be problems with the guarantee fund. He said the trust could go broke with one or two large claims. In his opinion the bill has many loose ends.

Mr. Glenn Drake concurred with other opponents.

Mr. Boyce Clarke, Independent Ins. Agents, of Mt., arose in opposition to SB 500. Copy of his written testimony is attached.

Jeff Sterns spoke briefly and recommended the committee give the bill a do not pass recommendation.

There were no other opponents or proponents.

Questions from the committee followed.

Senator Etchart closed on SB 500. He said that he felt the bill was written in good form, it was drafted after Colorado law.

EXECUTIVE SESSION:

SB 421

Rep. Stobie moved that SB 421 BE CONCURRED IN. Discussion on the motion followed. A vote was taken and carried unanimously. Rep. Robbins moved that the bill be placed on the Consent Calendar. There were objections to the motion. Rep. Stobie will carry the bill in the House.

SB 408

Rep. Cooney moved that SB 408 BE CONCURRED IN. Following discussion a vote was taken and carried unanimously. Rep. Cooney moved that SB 408 be placed on the Consent Calendar. A vote was taken and carried unanimously. Rep. Cooney will carry SB 408 in the House.

SENATE BILL NO. 421

INTRODUCED BY GOODOVER, PETERSON, LOWE, HAFFERMAN,
THOMAS, HEALY, ROSKIE, RYAN, MEHRENS

A BILL FOR AN ACT ENTITLED: "AN ACT TO PERMIT LICENSEES
UNDER THE MONTANA CONSUMER LOAN ACT TO MAKE LOANS NOT
EXCEEDING \$25,000 AND REVISING ALLOWABLE CHARGES; AMENDING
SECTIONS 32-5-102, 32-5-103, 32-5-201, 32-5-306, AND
32-5-402, MCA."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 32-5-102, MCA, is amended to read:

"32-5-102. Definitions. Unless the context requires
otherwise, in this chapter the following definitions apply:

(1) "Person" means individuals, partnerships,
associations, corporations, and all legal entities in the
loaning business.

(2) "License" means one or both of the licenses
provided for by this chapter.

(3) "Licensee" means the person holding a license.

(4) "Department" means the department of business
regulation provided for in Title 2, chapter 15, part 18.

(5) "Consumer type loan business" means the business
of making loans of \$7,500 ~~\$25,000~~ or less, generally
repayable in substantially equal installments."

Section 2. Section 32-5-103, MCA, is amended to read:

"32-5-103. Engaging in business of making loans
restricted. (1) No person shall engage in the business of
making loans or advances of money on credit in amounts of
~~\$7,500~~ ~~\$25,000~~ or less and contract for, charge, or receive
directly or indirectly on or in connection with any such
loan or advance any charges, whether for interest,
compensation, consideration, or expense, which in the
aggregate are greater than ~~18%-per-annum~~ those provided by
31-1-107(1), except as provided in and authorized by this
chapter. A person doing business under the authority of this
state or the United States relating to banks, trust
companies, savings or building and loan associations, credit
unions, or a person engaged in business as a licensed
pawnbroker or any person who shall extend credit in
connection with the sale of a commodity shall not become a
licensee under this chapter nor shall any of the provisions
of this chapter apply to any such exempted person.

(2) The provisions of subsection (1) shall apply to
any person who seeks to evade its applications by any
device, subterfuge, or pretense whatsoever.

(3) Any contract of loan in the making or collection
of which any act shall have been done which violates
subsection (1) of this section shall be void, and the lender
shall have no right to collect, receive, or retain any

1 principal, interest, or charges whatsoever."

2 Section 3. Section 32-5-201, MCA, is amended to read:

3 "32-5-201. License application and fees --
4 supplementary license. (1) (a) A place of business operated
5 under this chapter shall properly display on the premises a
6 nontransferable and nonassignable license. The same person
7 may obtain additional licenses upon compliance with this
8 chapter as to each license.

9 (b) Application for a license shall be on a form
10 prescribed and furnished by the department.

11 (c) A licensee may move his place of business from one
12 place to another within a county without obtaining a new
13 license, provided he obtains written permission from the
14 department.

15 (d) With each application the applicant shall submit
16 \$50 as an investigation fee and \$125 as a license fee. The
17 license fee shall be returned to the applicant if the
18 application is denied. The license year is the calendar
19 year, and the license fee for any period less than 6 months
20 is \$62.50. A license remains in force until surrendered,
21 suspended, or revoked.

22 (2) No licensee under the provisions of this chapter
23 shall lend money in a total sum greater than \$1,000 to any
24 borrower or to any borrower and spouse except under the
25 following circumstances:

1 (a) When any person holding a license provided for in
2 subsection (1) desires to make loans for any amount in
3 excess of \$1,000 but not exceeding ~~\$7,500~~ \$25,000, the
4 holder of such license may apply to the department for a
5 supplementary license and pay therefor an additional license
6 fee of \$75 per calendar year or one-half of said sum for any
7 period less than 6 months.

8 (b) The department shall grant, on application, a
9 supplementary license to a holder of a license provided for
10 in subsection (1).

11 (c) Section 32-5-204 shall be applicable as to time of
12 payment of supplementary license fee and penalty for failure
13 to pay the same.

14 (d) Provisions of 32-5-301 relating to refunds, fees,
15 and charges and the other provisions of this chapter not
16 inconsistent with this section shall be applicable to loans
17 made under authority of a supplementary license.

18 (3) All moneys collected under the authority of this
19 chapter shall be paid into the state treasury by the
20 department."

21 Section 4. Section 32-5-306, MCA, is amended to read:

22 "32-5-306. Insurance. (1) No insurance of any kind
23 shall be written by a licensee or employee, affiliate, or
24 associate of the licensee, in connection with any loan
25 except as hereinafter provided.

1 (2) Insurance permitted under the provisions of this
 2 section shall be obtained through an insurance company
 3 authorized to conduct such business in Montana by a duly
 4 licensed agent or agency of this state. Premiums shall not
 5 exceed those fixed by law or current applicable manual
 6 rates. Insurance written as authorized by this section may
 7 contain a mortgagee clause or other appropriate provisions
 8 to protect the insurable interest of the licensee.

9 (3) When the principal amount of the loan exceeds \$300
 10 exclusive of the portion thereof attributable to insurance
 11 premiums and charges, the licensee may require a borrower to
 12 insure property offered as security against any substantial
 13 risk of loss, damage, or destruction for an amount not to
 14 exceed the reasonable value of the property insured or the
 15 amount of the loan, whichever is smaller, and for the
 16 customary term approximating the term of the loan contract.
 17 It shall be optional with the borrower to obtain such
 18 insurance in an amount greater than the amount of the loan
 19 or for a longer term.

20 (4) Subject to the laws of this state, credit life
 21 insurance and credit disability insurance may be provided at
 22 the expense of the borrower and may be provided by a
 23 licensee upon the request of the borrower when the principal
 24 amount of the loan exceeds \$300, exclusive of the portion
 25 thereof attributable to insurance premiums and charges. If

1 any loan shall include amounts advanced for insurance
 2 premiums and charges, such loan shall not in any event
 3 exceed \$7,500 ~~\$25,000~~.

4 (5) The insurance authorized by this section may be
 5 sold, obtained, or provided by or through a licensee, and
 6 the premium or identifiable charge for the insurance may be
 7 included in the principal amount of the loan; provided,
 8 however, that no licensee shall require a borrower to
 9 purchase such insurance from such licensee or from any
 10 particular agent, broker, or insurance company as a
 11 condition precedent for the obtaining of a loan. Any gain or
 12 advantage to the licensee or any employee, affiliate, or
 13 associate of the licensee from the sale, provision, or
 14 obtaining of insurance as authorized by this section shall
 15 not be deemed to be additional charges or a violation of
 16 this chapter.

17 (6) A licensee shall not require insurance under this
 18 section until any existing insurance of the same type has
 19 expired or has been canceled and the unearned portion of the
 20 premium for the canceled insurance has been rebated to the
 21 borrower."

22 Section 5. Section 32-5-402, MCA, is amended to read:
 23 "32-5-402. Investigations. The department may at any
 24 time investigate any transaction with borrowers and may
 25 examine the books, accounts, and records in this state to

1 discover violations of this chapter by:

2 (1) a licensee;

3 (2) a person who advertises for, solicits, or holds
4 himself out as willing to make loans in amounts of ~~\$7,500~~
5 ~~\$25,000~~ or less; or

6 (3) a person whom the department has reason to believe
7 is violating or is about to violate this chapter."

8 ~~NEW SECTION.~~ Section 6. Charges on loans in excess of
9 \$7,500. (1) On any loan of money exceeding \$7,500 in
10 principal amount, a licensee may not make charges as
11 provided in subsections (1) and (2) of 32-5-301 but shall
12 make charges in accordance with the provisions of this
13 section.

14 (2) On any loan of money exceeding \$7,500 but not
15 exceeding \$25,000 in principal amount, a licensee may
16 contract and receive charges at a rate not in excess of
17 1 1/2% per month on the principal amount as follows:

18 (a) Charges shall be computed on unpaid balances of
19 the principal amount outstanding from time to time for the
20 actual time outstanding. Each payment shall be applied first
21 to accumulated charges and the remainder of the payment
22 applied to the unpaid principal balance, except that if the
23 amount of the payment is insufficient to pay the accumulated
24 charges, unpaid charges continue to accumulate to be paid
25 from the proceeds of subsequent payments and are not added

1 to the principal balance.

2 (b) ~~Charges made under this section may not be payable~~
3 ~~in advance or compounded. However, if part or all of the~~
4 ~~consideration for a new loan contract is the unpaid~~
5 ~~principal balance of a prior loan, the principal amount~~
6 ~~payable under such new loan contract may include any unpaid~~
7 ~~charges which have accrued. The resulting loan contract is~~
8 ~~a new and separate loan transaction for all purposes. The~~
9 ~~principal balance of a prior loan on which charges have been~~
10 ~~made pursuant to subsections (1) and (2) of 32-5-301 is the~~
11 ~~balance due after refund or credit is given to the borrower~~
12 ~~pursuant to subsection (5) of 32-5-301.~~

13 (3) For purposes of computing charges for a fraction
14 of a month, a day is considered one-thirtieth of a month.

15 (4) The provisions of subsections (5) and (6) of
16 32-5-301 do not apply to loans made under this section.

17 Section 7. Codification. Section 6 is intended to be
18 codified as an integral part of Title 32, chapter 5. The
19 provisions in Title 32, chapter 5, apply to section 6, and
20 section 6 applies to the provisions of Title 32, chapter 5.
21 All references in the MCA to Title 32, chapter 5, include
22 section 6.

-End-

STATE OF MONTANA

REQUEST NO. 336-79

FISCAL NOTE

Form BD-15

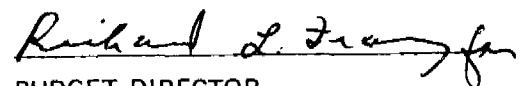
In compliance with a written request received February 15, 1979, there is hereby submitted a Fiscal Note for SB 421 pursuant to Chapter 53, Laws of Montana, 1965 - Thirty-Ninth Legislative Assembly. Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

DESCRIPTION OF PROPOSED LEGISLATION:

An act to permit licensees under the Montana Consumer Loan Act to make loans not exceeding \$25,000 and revising allowable charges.

FISCAL IMPACT:

None.



BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 2/19/79